

Message Text

CONFIDENTIAL

PAGE 01 QUITO 09053 010217Z
ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01
COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07 INT-05 L-03
NSAE-00 NSC-05 OMB-01 PM-04 OES-06 SP-02 SS-15 STR-04
TRSE-00 ACDA-07 FEA-01 PA-01 PRS-01 NSCE-00 SSO-00
USIE-00 INRE-00 XMB-02 OPIC-03 /099 W
-----010230Z 045280 /71

O R 312344Z DEC 76
FM AMEMBASSY QUITO
TO SECSTATE WASHDC NIACT IMMEDIATE 2709
INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 9053

E.O. 11652: GDS
TAGS: ENRG, EINV, PFOR, EC
SUBJECT: GULF-GOE NEGOTIATIONS

1. SUMMARY: GULF-GOE NEGOTIATIONS ON THE AGREEMENT FOR TRANSFER OF GULF'S ASSETS TO CEPE ARE PROCEEDING WELL. THE GOE HAS AGREED TO INCLUDE A QUITCLAIM AND HAS LIMITED ITS CLAIMS AGAINST GULF TO CHARGES ARISING FROM APPLICATION OF DECREE 285. ONLY POINT NOW IN DISPUTE IS INTEREST RATE ON \$120 MILLION LOAN GOE MUST OBTAIN. IT APPEARS AS IF THE GOE WILL ISSUE DECREE AUTHORIZING THE AGREEMENT ON JANUARY 4; AGREEMENT WILL BE SIGNED AND CHECK EXCHANGED ON JANUARY 6. END SUMMARY:

2. AFTER TWO DAYS OF NEGOTIATIONS BETWEEN THE GOE AND GULF, IT APPEARS AS IF A SATISFACTORY AGREEMENT IS IMMINENT. THERE WERE, HOWEVER, SOME ROUGH SPOTS. ATTORNEY GENERAL ERAZO TOLD GULF DECEMBER 30 THAT A QUITCLAIM WAS OUT OF THE QUESTION, THAT THE GOE COULD NOT RELINQUISH ITS FUTURE CLAIMS AGAINST GULF, AND THAT THE GOE COULD NOT ISSUE AN IRREVOCABLE LETTER OF CREDIT FOR \$40 MILLION. I IMMEDIATELY DISCUSSED THE ATTORNEY GENERAL'S OBJECTIONS WITH PRESIDENT POVEDA WHO CALLED THE ATTORNEY GENERAL IN MY PRESENCE TO TELL HIM TO STOP MAKING TROUBLE AND WITH MINISTER
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 09053 010217Z

OF FINANCES SEVILLA, WHO ASSURED ME HE WOULD HANDLE THE ATTORNEY GENERAL.

3. ON THE STRENGTH OF THESE DISCUSSIONS, SEVILLA AGREED AT TODAY'S NEGOTIATIONS TO INCLUDE A QUITCLAIM PROVISION IN THE FINAL AGREEMENT; THE GOE HAS ALSO AGREED TO LIMIT ITS CLAIMS AGAINST

GULF TO CHARGES ARISING FROM APPLICATION OF DECREE 285, WHICH
GULF ACCEPTS.

4. THE GOE, HOWEVER, HAS ASKED GULF TO FINANCE THE DIFFERENCE
BETWEEN THE DECEMBER 31 PRIME RATE AND WHATEVER RATE OF INTEREST
THE GOE MUST PAY OVER THE NEXT SEVEN YEARS TO FINANCE PURCHASE
OF GULF'S ASSETS. GULF HAS INDICATED ITS WILLINGNESS TO GO SOME
2 AND ONE HALF POINTS ABOVE PRIME BUT IS UNWILLING TO ASSUME AN
OPEN-ENDED OBLIGATION. IF THE GOE IS UNWILLING TO ACCEPT THIS,
GULF IS WILLING TO ASSIST THE GOE IN OBTAINING THIRD-PARTY
FINANCING. I WILL DISCUSS THIS POINT WITH SEVILLA BEFORE GULF'S
NEXT NEGOTIATING SESSION JANUARY 3.

5. ASSUMING THIS POINT CAN BE RESOLVED, THE GOE IS PLANNING TO
ISSUE A DECREE AUTHORIZING THE PURCHASE OF GULF'S ASSETS ON
JANUARY 4. GULF'S ASSETS WILL BE OFFICIALLY TRANSFERRED TO CEPE
ON JANUARY 6 WHEN THE FINAL AGREEMENT IS SIGNED AND THE CHECKS ARE
EXCHANGED.
BLOOMFIELD

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, CLAIMS, NATIONALIZATION, BUSINESS FIRMS, LOANS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976QUITO09053
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D770018-0484
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976121/aaaaaahb.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 27 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 JUL 2004 by coburnhl>; APPROVED <27 JUL 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GULF-GOE NEGOTIATIONS
TAGS: ENRG, EINV, PFOR, EC, US, GULF
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006